

## QUESTIONS

### **What about remodeling or flipping houses?**

Does not qualify, Improvements must be non-building, new single family home or Duplex.

### **What about zoning changes?**

Zoning changes would not apply to this legislation. Any increase in value from re-zoning is recognized as a change made by a governing body and not by the builder.

### **What if a builder occupies the house?**

If residence is used as a model or office it would be taxable at full value. However a builder could move into the house and live there while it is being held for sale and still receive the exemption.

### **What if property is sold to another builder?**

The new owner is not entitled to the exemption on the increase in value from any subdivision of real property or improvements made to real property by the prior owner.

### **What if I forget to make a annual application one year, can I still make the application for the following year?**

Yes, annual application must be made each year. If you forget one year, you can still make application the next year, as long as you have not reached your time limit. For Residential the time line is 3 years and for Commercial the time line is 5 years. The start date of both of these is the January 1st the property was first required to be listed by builder.

### **What happens if I sell the property in the same year that I make application?**

If the property is sold prior to July 1st, then the buyer will receive a discovery bill for the amount of the exemption that the builder received. If the property is sold after the July 1st date, then there is no discovery .

**We encourage all builders when making application for the Builder Property Tax Exemption, to make sure they fully understand the guidelines and how they apply to the builder and the buyers of the property. Should you have any questions, please contact our Office.**



### **LEE COUNTY TAX ADMINISTRATION**

Lee County Government Center  
P O Box 1968  
106 Hillcrest Dr.  
Sanford, NC 27330  
Phone: 919-718-4661  
Fax: 919-718-4633  
Email: [taxdept@leecountync.gov](mailto:taxdept@leecountync.gov)  
Website: [www.leecountync.gov](http://www.leecountync.gov)



## **BUILDER PROPERTY TAX EXEMPTION**

**HOUSE BILL 168**

**LEE COUNTY TAX  
ADMINISTRATION**

## WHO IS EXEMPT BY THIS BILL?

G.S. 105-273(3a) "Builder" means a taxpayer engaged in the business of buying real property, making improvements to it, and then reselling.

### WHAT PROPERTY IS EXEMPT?

**Residential Property**—increase in value of real property due to:

- ◆ Land subdivided by a builder
- ◆ Non-building improvements made by a builder
- ◆ A new single-family residence or a duplex

**Commercial Property**—increase in value of real property due to:

- ◆ Land subdivided by a builder
- ◆ Non-building improvements made by a builder

**\*\*Commercial buildings are not exempt\*\***



## WHICH EVENTS TRIGGER THE REMOVAL OF THE EXEMPTION?

### RESIDENTIAL PROPERTIES:

- ◆ Used for commercial purposes
- ◆ Occupied by a tenant
- ◆ Three year time limit. Start date is the January 1st the property was first required to be listed by builder.
- ◆ Sale of property. **\*\*When real property is transferred from an exempt or partially exempt owner to a taxable owner prior to July 1, that property is taxable for the entire year as if the taxable owner owned the property as of January 1. (G.S. 105-285(d))\*\***

### COMMERCIAL PROPERTIES:

- ◆ Building permit issued
- ◆ Five year limit expires. Start date is the January 1st the property was first required to be listed by builder.
- ◆ Sale of property. **\*\*When real property is transferred from an exempt or partially exempt owner to a taxable owner prior to July 1, that property is taxable for the entire year as if the taxable owner owned the property as of January 1. (G.S. 105-285(d))\*\***

## HOW TO MAKE APPLICATION?

The builder must submit an exclusion application (Form AV-65) annually under the general application provisions in G.S. 105-282.1. The deadline for applications under that status is the end of the listing period (Typically January 31st).

Taxpayers must make application each year. Failure to do so results in property being taxed at full value for that year.

Forms may be obtained from the Lee County Tax Office or visit our web site at [www.leecountync.gov](http://www.leecountync.gov).

Approval or Denial notifications will be sent to taxpayers once the applications have been processed.

**It is the Taxpayers responsibility at the sell of the property to make the closing Attorney (s) and the buyer (s) aware of any exemptions on property.**

